The National Fraud Initiative

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CIPFA in the Midlands, 6th November 2012

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Agenda

- Background to the NFI
- NFI 2010/11 - Outcomes
- NFI 2012/13 - Developments
- NFI Flexible Matching
- Questions and Answers

Background to the NFI

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NFI Key Facts

- NFI continues to provide **fraud detection** services (batch data matching)
- Now also provides **fraud prevention** services
  - Flexible Matching (September 2012)
  - Real Time Data Matching (September 2011)
- Participation is mandatory for audited organisations across the UK and other organisations can participate on a voluntary basis
- Statutory data matching powers (fraud prevention and detection) under the **Audit Commission Act 1998, Part 2A**
- Compliant with **data protection** and **human rights** legislation

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The NFI Web Application

The NFI is delivered via a specially developed web application

Features include;

- Secure facility for submitting data and for distributing matches
- Case management control features
- Hierarchal and controlled user access
- Search functions
- Management information
- Training modules

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NFI Fraud Risks Examples

Data Match	Possible fraud or error
Pensions payments checked to records of deceased people	Pension fraudulently cashed on behalf of a dead person
Housing benefit payments to payroll records	Benefit claimed falsely because the claimant is working and not declaring income
Payroll records to failed asylum seeker and expired visa records	Employee not entitled to be in the UK
Blue badges records to records of deceased people	Blue badge used by ineligible person
Housing benefit payments to housing tenancy records	Benefit claimed falsely, for example because the claimant is living as a tenant elsewhere
Council tax records to electoral register	Council tax payer wrongly gets single person discount because the person is living with other countable adults which means the council tax payer does not qualify for a discount
Payroll records to other payroll records	Employee paid incorrectly, for example by working for one organisation while on long-term sick leave at another

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NFI 2010/11 Outcomes & Case Studies

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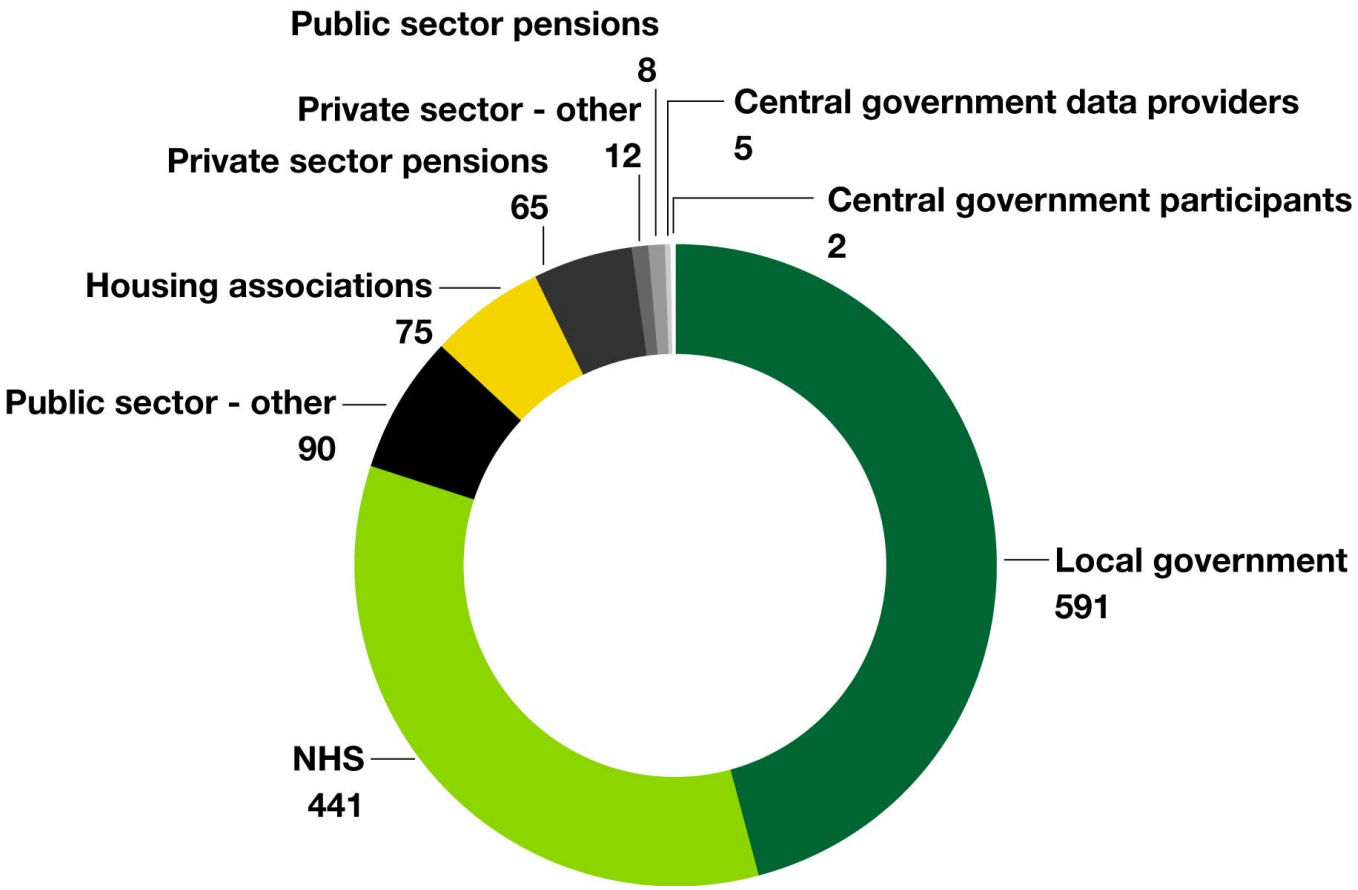
Participants Profile (2010/11)



NFI Cumulative Outcomes

£939m of Fraud and Error

2010/11 £275m

2008/09 £215m

2006/07 £140m

2004/05 £111m

2002/03 £83m

2000/01 £54m

1998 £42m

1996 £19m

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NFI 2010/11 Outcomes (England)

- £98 million **pension frauds** and overpayments
- £50 million of **council tax single person's discount** that was fraudulently or wrongfully received
- 31,937 blue badges were cancelled
- 51,548 concessionary travel passes were cancelled
- £31 million of **housing benefit fraud** and overpayments
- A wide range of **identity frauds** involving false documentation including:
  - claims for housing benefits
  - applications for social housing
  - blue badges
- 164 **employees were dismissed** or asked to resign because they had no right to work in the UK.
- 235 **properties were recovered** for social housing
- 321 **false applications** were removed from housing waiting lists following a pilot with London borough councils
- 731 people were **prosecuted**

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NFI in the News: Recent Headlines

BBC NEWS

Pensions 'paid to dead officers'

Claims police pensions are being paid to former officers who have died are being investigated by Scotland Yard. Internal auditors said the force blocked payments worth a total of £167,000 in the past financial year.

People management
HR news, comment, HR jobs

NHS employee jailed for four-year employment fraud

Kitchen porter at Harrogate District Hospital dishonestly earned £87,000 before detection

Willesden&Brent Times

£800,000 fraud shocker

A SHOCKING £800,000 was recovered from more than 1,200 residents who fraudulently or wrongly claimed a council tax discount

BBC NEWS

Nurse with two NHS jobs suspended

An NHS nurse who was employed full-time at two hospitals 150 miles apart has been suspended for a year at a conduct hearing.

London Borough of Barking & Dagenham

Prison sentence for benefit fraud student

An ex-student has been jailed for claiming more than £37,000 of benefits he wasn't entitled to.

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False and stolen identities (Fraud Data)

- In NFI 2010/11 a total of 1,904 Amberhill data matches were released to 203 participants as part of an NFI pilot.
- One council has so far recovered **14 properties** in less than a year estimated to be a **£1.05m** saving.
- One case has resulted in the recovery of a property and **prosecution of a tenant** resulting in a 12 month sentence (suspended for 18 months), tag and curfew for 3 months.
- The tenant had **presented herself as homeless using forged documents**, including a false driving licence, to confirm her identity and immigration status. She had also fraudulently claimed housing and council tax benefits.
- During the investigation she confessed to **bribing a council housing officer** to obtain the property.
- Subsequently all tenancy files from that housing office have been examined resulting in a further **12 investigations and the arrest of five foreign nationals**.
- The council has since reviewed homeless applications since 1999 identifying 60 cases with cause for concern. **Work is ongoing** but the council expects further arrests and properties recovered for those in need of social housing.

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NFI 2012/13 Developments

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NFI 2012/13 Developments

- Retain the two year batch data matching cycle but extend the NFI remit to include:
  - **Stolen/false ID data** fully integrated into NFI
  - Wider **housing waiting lists** pilot
  - Extension of the current housing benefits to deads pilot
  - **Personal budgets** pilot
  - **Extended data specifications** to include emails, telephone numbers and passport details (where held)
  - Working with the Cabinet Office Fraud Error and Debt Task Force to **secure government department participation** (Payroll and creditors)

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NFI 2012/13 Developments

- Continue with the development of the web application.
- New features include:
  - Clearer **signposting** of key reports
  - Improved accessibility of web application **training material**
  - Closing **multiple matches** where there is 'no issue'
  - **Enhancements of the user administration** module to enable user access to specific dataset subgroups e.g. Specifically Payroll to Payroll reports rather than all Payroll reports
  - Nominate a **secure email account** for exchange of personal data
  - **Dynamic summary screen**

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NFI 2012/13 Developments

- Free and regular training and information sessions delivered by **webinar technology**
- Hour long sessions focussing on **different aspects of NFI** and **counter fraud** in general for example;
  - Investigating specific dataset matches
  - Counterfeit and false identification training
  - IT Forensics
  - Police and Criminal Evidence Act
  - Emerging Fraud Risks

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Flexible Data Matching

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What is Flexible Batch Data Matching?

- NFI flexi-match is a powerful and sophisticated data matching engine that instantly identifies matches for counter-fraud investigation
- Supports ‘Fighting Fraud Locally’
  - “Further develop the NFI to offer a real time fraud prevention service as well as detective data-matching that responds to current and emerging threats across local authorities.”
  - “Collaborating with NFI and NAFN to develop data warehouses for the purpose of data matching fraud prevention services across councils”
- A new NFI web application has been built which includes a facility to create and manage data matching jobs and an interactive data submission wizard

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What can Flexi-Match be used for?

Internal/Project Data Matching

- Participants upload data for internal matching only
- The datasets are only be matched to each other
- Optional data matching against the NFI core datasets

What can Flexi-Match be used for?

Multi-Organisation Data Matching

- Regional data matching initiatives where a group of participants wish to submit data for local cross matching
- Optional data matching against the NFI core datasets

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What can it be used for?

- **Council Tax SPD Fraud** - a council could elect to submit council tax and electoral register data every year to detect council tax spd fraud (it is only mandatory every two years). Flexible matching is available now with instant results for a fee of £600

- **Housing Waiting Lists** – submitting details of individuals near or at the top of the list for matching against the NFI datasets to confirm the individuals are not ineligible for social housing before offering a tenancy

- **Regional Social Housing Fraud Data Matching** – a group of neighbouring authorities and housing associations can each submit files (eg tenants, waiting lists and housing benefits) for cross matching to each other to identify potential subletting

- **Mortality Screening** of Pensions, Blue Badges, Concessionary Travel

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Questions and Contact

1. What problems are you aware of that local authorities have had with submitting the data?

2. Any news on where NFI will be sitting in the future?

3. The new requirement on some files for phone numbers led us to stripping out phone numbers from our files that were for emergency contacts only – e.g. a blue badge holder had a relative's number listed – comments?

4. Can the data specifications be made available earlier?

5. Any indication to what variations in formats are acceptable and what aren't? For example phone numbers - will you accept phone numbers in varying formats within the same file? 01332 643287 and 01332 64 3287 and 01332643287 and 01332 – 64-32-87

6. Some of the data required we don't keep to carry out the function (NINOs, and phone numbers and e-mail addresses, or place of work for personal alcohol licenses) there is a worry that if we start asking for these details we could be getting close to breaching the "not excessive" rule for data protection.

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Questions and Contact

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